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25X1REPORT NO

## CD NO.

## RETURN TO CIVIL

24 November 1950

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Communist commercial officials in Hong Kong received orders to cancel contracts having a delivery date at Hong Kong later than 30 November and to make no new contracts except those for immediate delivery of base metals, which are to be bought in the largest quantities at any price for stockpiling. Contracts with Hong Kong for delivery at Taku Pier have not been canceled if (a) the commodities are in near-shipload lots, (b) they have been loaded on a neutral ship chartered by the Chinese Communist Government, (c) the ship will clear the port of Hong Kong before 30 November and (d) payment is on delivery.

2. One critical item most difficult for the Communists to purchase is silicon sheets, and during the past few months they have been frantically trying to place orders. However, they are known to have canceled an order for one 100-ton lot of silicon sheets because the delivery date was the end of December. Orders for rubber have also been canceled.
3. When news of the general Communist cancellation of orders leaked out about 16 November, at least one commercial agent is known to have received instructions to spread the following cover story as widely as possible:

Orders are being canceled because Communist representatives were caught taking bribes. They have been recalled and, because of the shortage of trained personnel, would not be replaced soon, and new contracts could not be made for some time.

4. One Communist representative [redacted]  
Communist representative, who was sent to Hong Kong from Peiping several months ago and with whom he works closely in Communist purchasing activities.

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to expect war soon, and was also instructed to arrange purchases so that future deliveries could be picked up as full shiploads by neutral ships chartered by the Chinese Communist Government.\*

5. The Communists in Hong Kong are not overbought, but will freely buy critical items in large quantities at almost any price, provided that they can get delivery at Hong Kong before 30 November.

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Comment. This paragraph is considered to be highly significant.

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